



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

*Administrator*  
Washington, DC 20201

MAR 31 2004

Mark B. Moody  
Administrator  
Division of Health Care Financing  
1 West Wilson Street  
P.O. Box 309  
Madison, WI 53701-0309

Dear Mr. Moody:

We are pleased to inform you that your December 23, 2003, request to extend Demonstration project No. 11-W-00125/5, entitled "BadgerCare," has been approved. The amendment submitted with the request is also approved.

The new trend rate for the extension period, Demonstration years 6 through 8, is 7.7 percent. Further, the budget neutrality section of the Special Terms and Conditions (STCs) also addresses payback of any budget neutrality deficits incurred during the initial Demonstration period. The approved amendment to the current budget neutrality agreement reflects changes in the development of capitation rates, as required by Federal regulations at 42 CFR 438.6(c). The effect of the modification is to change the Per Member Per Month budget cap to \$189.47 for Demonstration Year 4 and \$196.06 for Demonstration Year 5.

Our approval of this Demonstration (and the waivers and Federal matching provided thereunder) is conditioned upon compliance with the enclosed STCs, which set forth in detail the nature, character, and extent of anticipated Federal involvement in the project. Both the waivers and the terms and conditions will remain in effect through March 31, 2007. Enclosed are the waiver list and STCs. The extension is subject to our receiving your written acceptance of our approval within 30 days of this letter.

All requirements of the State Children's Health Insurance Program and Medicaid programs expressed in law, regulations, and policy statement, not expressly waived or identified as not applicable in this letter or the attached waiver list, shall apply to the Demonstration populations.

Your project officer for the title XIX Demonstration is Ms. Dianne Heffron, and she is available to answer questions concerning this renewal. Ms. Heffron's contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid and State Operations  
7500 Security Boulevard, Mailstop S2-01-16  
Baltimore, MD 21244-1850  
Telephone: (410) 786-3247  
Facsimile: (410) 786-5882  
E-mail: [DHeffron@cms.hhs.gov](mailto:DHeffron@cms.hhs.gov)

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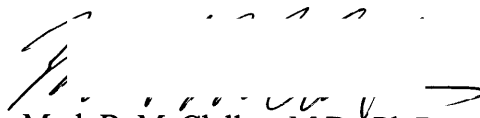
Official communications regarding program matters should be sent simultaneously to the project officer and to Ms. Cheryl Harris, Associate Regional Administrator in our Chicago Regional Office. Ms. Harris' contact information is as follows:

Centers for Medicare & Medicaid Services  
Division of Medicaid and State Operations  
Chicago Regional Office  
233 N. Michigan Avenue, Suite 600  
Chicago, IL 60601

If you have questions regarding this correspondence, please contact Ms. Jean Sheil, Director, Family and Children's Health Program Group, Center for Medicaid and State Operations, at (410) 786-5647.

We look forward to continuing to work with you and your staff.

Sincerely,



Mark B. McClellan, M.D., Ph.D.

Enclosures